

Research 2-5

Approved For Release 2002/08/16 : CIA-RDP79-01206A000200020004-5

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OCT 5 1953

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MEMORANDUM FOR: Director of Naval Intelligence
Department of the Navy
Washington 25, D. C.

SUBJECT : Annual Revision of EIC-R-1

1. You will recall that the IAC recently agreed that the China Trade and Shipping Study, EIC-R-1, should be revised annually rather than semi-annually and also agreed that certain difficulties which arose in the last revision of this report should be reviewed by the EIC prior to the next [] meeting (IAC-D-42/4).

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2. Most of the problems involved in the preparation of the last study were noted in the foreword of that report, and the EIC Secretariat is currently working with appropriate personnel in ONI in an effort to resolve these difficulties. Two problems not noted in the foreword which also need consideration are: (1) Communist China's internal transportation capabilities; and (2) Communist China's coastal trade and shipping.

3. The first of these has been treated in []
[] which is currently under review by the Transportation Subcommittee of the EIC.

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4. The second problem has been given some study in ONI but I understand that, because of other pressing priorities, ONI has not been able to give attention to all of the pertinent aspects of this question. As you know, this problem involves such questions as junk traffic, voyages of Communist Chinese vessels, non-Bloc vessels engaged solely in the coastal trade and, on the basis of evidence over the last six months or so, also involves a large number of non-Bloc vessels moving between Hong Kong and Communist China and engaging in coastal trade at the same time.

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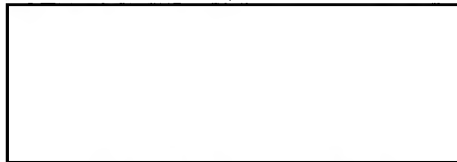
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5. I am passing this information along to you since I feel that you would like to be kept advised of developments in the EIC which relate to studies on Communist China trade and shipping, particularly in view of the major contributions and assistance provided by your organization in this field of intelligence.



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OTTO E. GUTHE
Chairman
Economic Intelligence Committee

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